



## Institute for Water Resources

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### **Report Measures Value to the Nation of U.S. Army Corps of Engineers Civil Works Programs**

ALEXANDRIA, VIRGINIA. The Institute for Water Resources recently released a report that measures the Value to the Nation of six U.S. Army Corps of Engineers (USACE) Civil Works Programs for 2010. The Value to the Nation consists of two metrics, given in 2010 dollars, which are not additive:

- \$48.82 billion of Net National Economic Development Benefits
- \$14.83 billion of Revenues to the U.S. Treasury

Net National Economic Development (NED) benefits are increases in the value of the national output of goods and services produced by USACE programs, expressed in monetary units, less the costs of annual operations, maintenance and project investigations. Since the costs associated with oversight by the Assistant Secretary of the Army (ASA) and USACE Headquarters, known as “other expenses,” serve all USACE programs—including those for which we did not calculate benefits—this report does not account for those costs in the calculation of net NED benefits.

Revenues to the U.S. Treasury are the increases in revenues in the form of increased tax payments and direct payments for vendible outputs (such as hydropower that is marketed to customers), plus decreases in tax expenditures and assistance payments that accrue to the Treasury as a result of USACE Civil Works program output.

### **USACE Programs Included in the Analysis**

The above Value to the Nation metrics include six USACE programs directly associated with infrastructure investments for which NED benefits are currently measured that are described in this report. These are: Riverine Flood Risk Management (excluding Hurricane Risk Management), Inland Navigation, Coastal Navigation, Water Supply, Hydropower and Recreation. Measured NED benefits do not include lives saved from floods or safety provided by both Navigation programs. NED benefits are not relevant to leases and sales, but this activity affects Treasury revenues.

### **USACE Programs Excluded from the Analysis**

There are other USACE programs that provide significant value but do not involve infrastructure investments for which NED measurements exist and, therefore, were excluded from this analysis. Specifically, these excluded programs are the Environmental, Regulatory and Emergency Management Programs. Thus, the results reported above could be considered an underestimate of USACE overall Value to the Nation.

## **Relationship to the Capital Stock Report**

In a recently completed capital stock report, titled “Estimating USACE Capital Stock, 1928 to 2011,” it was found that the value of USACE capital stock has been declining in recent years. Therefore, it is important to note that the NED benefits presented in this Value to the Nation report may have been higher if the condition of USACE infrastructure were improved.

## **Changes from Past Value to the Nation Reports**

This report is an update of two earlier analyses, the first of which was completed in 1997 and the second in 2003. Since the new report employs revised methodology and data, its results should not be directly compared to the previous analyses. Minor revisions were made in the methodology and data used to calculate NED benefits for the Recreation, Water Supply and Hydropower programs. The most significant changes to the methodology used in this report are found in the revised calculation of NED benefits for Coastal Navigation

### *Revised Methodology for Coastal Navigation NED Benefits*

In previous years, analysts studied how NED Benefits, as measured by the change in the cost of transporting cargo, would be affected by relatively small, incremental changes in the depths of deep-draft waterways. In reality, the differences between historical and USACE-altered depths are much larger than previous analyses portrayed. This report employs recently developed models to estimate NED benefits based on larger (more realistic) changes in channel dimensions.

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